1. How the IRS Collects Unpaid Taxes Owed To Them - YouTube

<https://www.youtube.com/watch?v=pwWnZ5RgTYg>

Transcript:

hey there oscar from bench here bench is the all-in-one bookkeeping and tax service your small business has been looking for our service is powered by real humans a simple intuitive platform and expert advice you can rely on in part two of this video series we'll cover how the irs goes about collecting unpaid taxes now according to commissioner chuck rettig the irs loses as much as a trillion dollars every year in unpaid taxes with losses like these you can understand why they're so serious about chasing down outstanding

debts in our first video we went over some of the initial consequences of not filing or paying your taxes things like penalties interest and substitutes for returns if you've ignored these warnings the irs will step up its efforts and before we get into collection methods it's important to know that the irs communicates all of its decisions and processes via a wide array of different notices and letters that they mail to your address if you're behind on your taxes here's what you might find in your mailbox

the irs's preferred method of communication is good old snail mail now quick tip while on the subject make sure your address with the irs is up to date there are loads of different notices and the irs sends them for a variety of reasons generally the irs uses these notices to tell you what they know or think they know about your tax situation and they inform you of the actions they intend to take it's wise to pay attention to what these notices are telling you as if ignored eventually these notes are going to

become warnings that things are about to get much more serious each notice or letter will have a corresponding code let's have a look at some examples cp2000 the cp2000 is a relatively common notice telling you the amount of income reported on your income tax return doesn't match up with the information the irs has received from third parties this can happen if you received income from a second job at some point in the year but forgot about it at tax time whilst this notice is not a tax bill you should still follow the instructions and

timeline for responding as there are additional penalties and interest to face if you don't cp 2566 the irs will use this notice to tell you that they haven't received your tax return and therefore have calculated your tax penalties and interest based on other records they have for your income like those received from your employer or financial institution cp 504 if you have a tax balance that you've left unpaid the irs will eventually send you a cp 504 notice known as a notice of intent to levy the cp504 lets you know that the wheels

of irs collections have started turning and enforcement tactics are to be expected if you continue to do nothing letter 10 58 if you continue to do nothing you could receive letter 1058 in the mail this letter is sent by a revenue officer rather than the irs's automated system it's what's known as a final notice of intent to levy it's serious stuff and if you fail to respond within 30 days the irs has the right to begin aggressive collections proceedings against you the irs sends all these letters to

encourage you to respond take action and pay what you owe now if you happen to disagree with what these notices are telling you it's a good idea to take action as soon as possible if you don't do anything the irs collections division will step in and their enforcement tools can make life pretty difficult for you the first enforcement tool the irs will use is called a wage garnishment when the irs garnishes your wages they force your employer to pay a percentage of your wages directly to them until the

tax debt is paid when does something like this happen an example would be if you fail to report income from your side hustle that you've earned on top of your regular salary when garnishing your wages the irs won't take everything they'll leave enough for you to cover living expenses but the amount they leave you is based on general standards not tailored to your specific circumstances when this happens there is nothing your employer can do if they don't comply with the irs they risk major fines for the business

if an assessed tax amount remains unpaid after a series of letters and notices the irs can issue what's called a lien on your business or your personal assets while the irs doesn't take anything at this point a lien means that they're staking their claim of ownership on enough of your assets that would be required to pay back the debt these assets can include bank accounts business property personal property essentially if you file as a sole prop or a partnership and even other personal assets like cars

boats and more even though the irs might not take anything at this point a lean is still a very serious step not only is it a warning of what's to come but leans a public record and anyone will be able to see if one is attached to your business liens can make it particularly difficult to secure a loan or investment in your business investing in a company is much less appealing if lenders know that you have to pay back the irs before you can pay them back your loan if liens secure the irs's interest in

what you own levies are the enforcement tool they use to take it once a tax lien has been ignored for long enough the irs sends you what's called a final notice of intent to levy from here it gets pretty ugly the irs can seize property and other personal assets and will sell them in order to pay back your tax debt they can even take money from your bank or investment accounts holding in escrow for 21 days before taking it for good levies are the irs's last resort they only use them after plenty of time has

elapsed and multiple notices have had no effect no matter what it pays to take action on any tax debt long before levies come into play we'll talk about how you can do this in the next video the irs handles most tax debt using wage garnishments liens and levies however if they believe there is clear intent to evade taxes combined with a failure to file that's technically a criminal offence you could end up in court subject to fines or even in jail cases like these are extremely rare but they do happen the irs takes collecting taxes seriously

so getting ahead of the problem and caught up on your taxes before things get to the collection stage should always be plan a at bench we have a dedicated team of historical bookkeeping specialists who help business owners just like you get caught up on their taxes fast no matter what stage you're in and what notices you've received our team can get to work completing your book so you can easily file your overdue taxes and get in the clear book a free call using the link below to speak with us and learn how we can get

you back on track if you're years behind and your tax debt has grown to something you just can't afford to pay don't worry you still have options in the next video we'll learn what these are see you [Music] there you